GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:499
ANSWERED ON:29.04.2005
TECHNOLOGY UPGRADATION FUND SCHEME
Owaisi Shri Asaduddin

Will the Minister of TEXTILES be pleased to state:

(a) Whether Technology Upgradation Fund Scheme (TUFS) for textile and jute industries launched in 1999 has been extended upto 2007;

(b) if so, the benefit/facilities available to textile and jute industries under the scheme;

(c) the steps taken to provide more Capital subsidy to small scale jute and textile industry under this scheme; and

(d) the details of step& taken by the Government in this regard?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No.499 regarding Technology Upgradation Fund Scheme for answer on 29.04.05

(a) Yes, Sir

(b) The Scheme mainly provides for reimbursement of five perctmt interest charged by the financial institutionslbanks for technology up gradation projects in conformity with the Scheme. However, in addition to this, the following incentives are also available under this Scheme:

i) Coverage of exchange rate erosion not exceeding 5% points per annum in respect of foreign currency loans instead of 5% interest support;

ii) For sman scale textile and jute industrial units, an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;

iii) For small scale powerloom units, an additional option of credit linked 20% capital subsidy for powerloom and weaving preparatory machinery, upto a cost of Rs. 100 lakh, with the facility to obtain credit from an enlarged credit network that includes all cooperative banks and other genuine non-banking financial companies (NBFCs) recognized by the Reserve Bank of India.

iv) For the textile processing sector only, a credit linked capital subsidy @ 10%, in addition to the existing 5% interest reimbursement.

(c) & (d) To provide more Capital Subsidy to small scale jute and textile industry under the TUFS, the Government has introduced the following modifications under the Scheme w.e.f. 13.01.05:-

(i) For decentralised powerloom sector, the capital ceiJing for machinery was enhanced from Rs. 60.00 lakh to Rs. 1.00 crore; and

(ii) For small scale textiles and jute industries, the rate of credit linked capital subsidy was enhanced from 12% to 15%.